

EXHIBIT 3
TO
HEMANN DECLARATION

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October 12, 2006

PRIVILEGED & CONFIDENTIAL

VIA HAND DELIVERY

Michael Wang, Esq.
Assistant United States Attorney
450 Golden Gate Avenue
San Francisco, CA 94111

Re: KLA-Tencor Corporation Document Production

Dear Mr. Wang:

As we have discussed, KLA-Tencor Corporation ("KLA-Tencor") intends to cooperate with the ongoing inquiry related to retroactive option pricing being conducted by the United States Department of Justice ("DOJ"). DOJ components participating in the inquiry presently include the USAO for the NDCA, as well as the FBI.

As part of our cooperation, KLA-Tencor agrees to provide the DOJ with documents and information relevant to the investigation of retroactive option pricing subject to the following terms and conditions:

1. The documents and information are being voluntarily provided by KLA-Tencor to the DOJ, a federal public office, in connection with its exercise of its investigative and enforcement authority;
2. The documents and information are confidential and include work product material or communications or information that may be protected by the attorney-client privilege ("Confidential Information");
3. KLA-Tencor and the DOJ share a common interest in obtaining and reviewing the documents and information, and the Confidential Information contained therein;

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4. Based on information presently in the possession of the DOJ, the DOJ is not adverse to KLA-Tencor, in its corporate capacity, in connection with its inquiry into any retroactive pricing of stock options by officers and employees of the Company;
5. KLA-Tencor's production of Confidential Information to the DOJ is not intended to and does not operate as a waiver of work product protection or the attorney-client privilege; and
6. All parties understand that the DOJ may disclose the confidential information to its law enforcement partners, including, but not limited to, the FBI and the IRS, consistent with the DOJ's mandate to enforce federal laws. Otherwise, the DOJ will maintain the confidentiality of the Confidential Information pursuant to this agreement and will not disclose them to any third party, except to the extent that the DOJ, in its sole discretion, determines that disclosure is otherwise required by law or necessary in furtherance of its discharge of its duties and responsibilities.

Please indicate your understanding of and agreement to the above terms and conditions by signing below.

Should you have any questions about this or any other matter, please feel free to contact me.

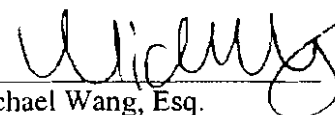
Sincerely,



John H. Hemann

cc: Larry Gross, Esq.
Richard Marmaro, Esq.

AGREED:


Michael Wang, Esq.
Assistant U.S. Attorney